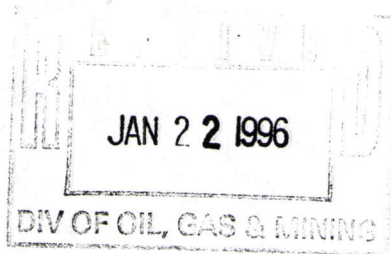


FORM MR-RC  
Revised June 7, 1995  
RECLAMATION CONTRACT



File Number M/035/015

Effective Date 1/24/96

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION of OIL, GAS and MINING  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
(801) 538-5340

*Replaced and this  
original returned  
to operator 1-6-2000.*

RECLAMATION CONTRACT  
---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)  
(Mineral Mined)

M/035/015  
Copper/Molybdenum/Precious Metals

"MINE LOCATION":  
(Name of Mine)  
(Description)

Kennecott Utah Copper Corporation  
Tailings Modernization Project

Approximately 15 miles west of down-  
town Salt Lake City, Utah

"DISTURBED AREA":  
(Disturbed Acres)  
(Legal Description)

3334 Acres  
(refer to Attachment "A")

"OPERATOR":  
(Company or Name)  
(Address)

Kennecott Utah Copper Corporation  
8315 West 3595 South  
P.O. Box 6001  
Magna, Utah 84044-6001  
(801) 252-3000

(Phone)

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone)

CT Corporation System

50 West Broadway

Salt Lake City, Utah

84101

(801) 364-1228

"OPERATOR'S OFFICER(S)":

R. R. Dimock/President & Chief Exec. Officer

T. A. Stevenson/Sr. VP & Chief Fincl Officer

R. P. Johnson/Treasurer

K. P. Done/Assistant Treasurer

J. R. Welch/Assistant Treasurer

"SURETY":

(Form of Surety - Attachment B)

Letter of Credit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Morgan Guaranty Trust Company

Letter of Credit #

"SURETY AMOUNT":

(Escalated Dollars)

\$17,485,000

"ESCALATION YEAR":

Year 2000

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Kennecott Utah Copper Corp. the "Operator" and the Utah State Board of Oil, Gas and Mining ("Board").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/035/015 which has been approved by the Utah State Division of Oil, Gas and Mining "Division" under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated September 14, 1994, and the original Reclamation Plan dated September 14, 1994. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Board in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Board. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as



amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the (Board) that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The (Board) shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.

14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

ATTEST:

THOMAS E. REMPTON  
SECRETARY

R. P. Johnson / K. P. Done  
Authorized Officer (Typed or Printed)

R. P. Johnson / K. P. Done  
Authorized Officer's Signature

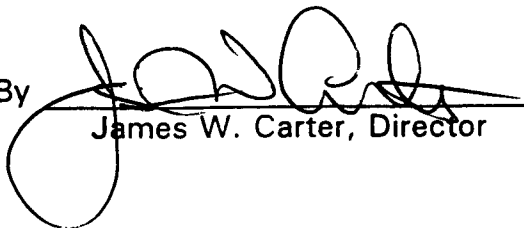
22 JANUARY 1996  
Date  
TO BE EFFECTIVE AS OF 29 JANUARY 1996.

SO AGREED this 24th day of January, 1996.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY Dave D. Lauriski  
Dave D. Lauriski, Chairman  
Utah State Board of Oil, Gas and Mining

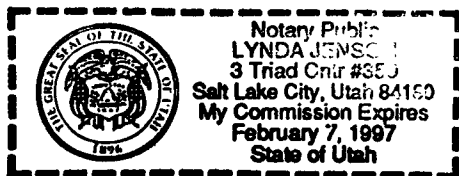
DIVISION OF OIL, GAS AND MINING:

By   
James W. Carter, Director

January 24, 1996  
Date

STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

On the 24<sup>th</sup> day of January, 19 96, personally  
appeared before me, who being duly sworn did say that he/she, the said  
James W. Carter is the Director of the Division of  
Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she  
duly acknowledged to me that he/she executed the foregoing document by  
authority of law on behalf of the State of Utah.



Lynda Jensen  
Notary Public  
Residing at: Salt Lake City

February 7, 1997  
My Commission Expires:

OPERATOR:

Kennecott Utah Copper Corporation  
Operator Name

R. P. Johnson / K. P. Done  
By Treasurer / Assistant Treasurer  
Corporate Officer - Position

Roger Johnson / K.P. Done  
Signature

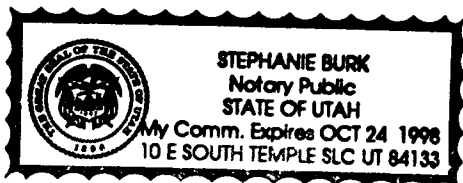
ATTEST:

Shannon S. Crumpton  
SECRETARY

22 JANUARY 1996  
Date  
TO BE EFFECTIVE AS OF 24 JAN. 1996

STATE OF UTAH )  
COUNTY OF SALT LAKE ) ss:

On the 22nd day of JANUARY, 19 96, personally  
appeared before me R. P. JOHNSON AND K. P. DONE who  
being by me duly sworn did say that ~~they~~ she, the said R. P. JOHNSON AND K. P. DONE  
ARE is the TREASURER AND ASST TREASURER of KENNECOTT UTAH COPPER CORPORATION  
and duly acknowledged that said instrument was signed on behalf of said company  
by authority of ~~its bylaws~~ or a resolution of its board of directors and said  
R. P. JOHNSON AND K. P. DONE duly acknowledged to me that said  
company executed the same.



Stephanie Burk  
Notary Public  
Residing at: 10 East So. Temple, Salt Lake  
City, UT 84133

October 24, 1998  
My Commission Expires:

**ATTACHMENT "A"**

Kennecott Utah Copper Corporation  
Operator

Kennecott Utah Copper Tailings Modernization  
Mine Name

M/035/015  
Permit Number

Salt Lake County, Utah

**The legal description of lands to be disturbed is:**

**Salt Lake County**

T1N, R2W, Section 31 S $\frac{1}{2}$  S $\frac{1}{2}$  and Section 32 S $\frac{1}{2}$  SW $\frac{1}{4}$ ;

T1N, R3W, Section 35 S $\frac{1}{2}$  S $\frac{1}{2}$  and Section 36 S $\frac{1}{2}$  S $\frac{1}{2}$ ;

T1S, R2W, Section 4 SW $\frac{1}{4}$  SW $\frac{1}{4}$  SW $\frac{1}{4}$ , Section 5, Section 6, Section 7 N $\frac{1}{2}$  N $\frac{1}{2}$ ,  
Section 8 N $\frac{1}{2}$  N $\frac{1}{2}$ , Eastern border of Section 8, Section 9 W $\frac{1}{2}$  W $\frac{1}{2}$ ,  
and Section 17 E $\frac{1}{2}$ ;

T1S, R3W, Section 1, Section 2, Section 3 E $\frac{1}{2}$ , Section 10, Section 11 N $\frac{1}{2}$  and SW $\frac{1}{4}$ ,  
Section 12 N $\frac{1}{2}$  NE $\frac{1}{4}$ , and Section 15 N $\frac{1}{2}$ .

**Salt Lake Base Meridian**



**KENNECOTT UTAH COPPER CORPORATION**

**C E R T I F I C A T E**

As Secretary of Kennecott Utah Copper Corporation, a Delaware corporation (the "Corporation"), I certify the following is a true copy of resolutions adopted by the Board of Directors on 7 September 1995, which resolutions remain effective on this date:

**BANKING RESOLUTIONS:**

**IT IS RESOLVED** that either the President and Chief Executive Officer, any Vice President or the Treasurer together with any Assistant Treasurer are authorized to establish and close bank accounts, brokerage accounts, and lines of credit in the name of the Corporation; and it is further

**RESOLVED** that such persons are authorized to designate the officers, employees, or agents of the Corporation (including themselves) who are authorized to sign checks, drafts, or transfers drawn on any accounts opened in the name of the Corporation and to revoke such authority; and it is further

**RESOLVED** that the signature of any authorized officer, employee or agent may be affixed to any check or other instrument for the payment of money by printing, by facsimile stamp, or by any other mechanical device, and the bank is hereby authorized to rely upon and accept as genuine any such printed, facsimile stamp, or mechanical signature without any duty to determine the genuineness thereof or whether the affixing thereof has been authorized by the Corporation or the officer, employee, or agent whose name is so affixed; and it is further



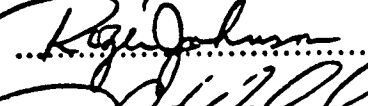
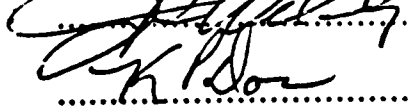
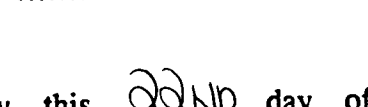
**RESOLVED** that such two persons, in the same combination as described in the first paragraph above, are authorized to make and direct investments of funds, including specifically but not limited to, the establishment and maintenance of accounts for the purchase and sale of commodity futures,

commodity options (on futures or physicals), foreign futures and options, commodity forward contracts and physical commodities (including currencies) and to close such accounts; and it is further

**RESOLVED** that such persons are authorized to designate the officers, employees, or agents of the Corporation (including themselves) who are authorized to transact business, enter buy or sell orders, trade, and invest or sell investments with respect to any accounts opened in the name of the Corporation and to revoke such authority; and it is further

**RESOLVED** that such persons are authorized to execute, in the name of the Corporation, such bonds, guarantees, and any other types of indemnification agreements as they deem advisable.

I further certify (1) each of the persons listed below has been appointed and is presently serving in the position set forth to the right of his name; and (2) to the right of his position is his genuine specimen signature.

<u>NAME OF OFFICER</u>	<u>POSITION</u>	<u>SIGNATURE</u>
R. R. Dimock	President and Chief Executive Officer	
T. A. Stevenson	Senior Vice President and Chief Financial Officer	
R. P. Johnson	Treasurer	
J. R. Welch	Assistant Treasurer	
K. P. Done	Assistant Treasurer	

DATED AND SEALED at Salt Lake City this 22ND day of  
JANUARY 1996.



  
SHANNON S. CROMPTON

**JPMorgan***This Original  
Returned to  
Kennecott 1-6-2000*

Letter of Credit No.  
Date: January 18, 1996  
EFFECTIVE: JANUARY 24, 1996

Morgan Guaranty  
Trust Company of  
New York

UTAH DIVISION OF OIL, GAS AND MINING  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203

C/O J.P. Morgan Services, Inc.

P.O. Box 6071 Gentlemen and Ladies:  
Newark, DE 19714-9857

Att: International Trade Services

1. Morgan Guaranty Trust Company of New York, New York ("Bank") hereby establishes this irrevocable letter of credit (the "Letter of Credit") in favor of the Utah Division of Oil, Gas and Mining ("Division") for an aggregate amount not to exceed \$17,485,000.00 (SEVENTEEN MILLION FOUR HUNDRED EIGHTY FIVE THOUSAND AND 00/100 U.S. DOLLARS)[reclamation cost estimate] in United States dollars ("Face Amount") effective immediately.

2. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 O'clock P.M. (New York Time), on January 24, 1997 (expiration date) or (b) the date upon which sufficient documents are executed by the Division to release Kennecott Utah Copper Corporation ("Operator") from further liability for reclamation of the Tailings Modernization Project (mine), M/035/015 (mine permit #) with notice to Bank by the Division accompanied by the original Letter of Credit with directions for cancellation.

3. This Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless the Bank gives notice to the Division 90 days prior to the expiration date that the Bank elects not to renew the Letter of Credit.

4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. \_\_\_\_\_ delivered to the office of the Bank, as set forth in Paragraph No. 7, below (address). At the Division's sole election, the Division may present sight drafts for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.

5. If the Bank receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 4 above on or before the expiration or termination of this Letter of Credit, the Bank will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than the close of business, Salt Lake City time, on the second business day following the Bank's receipt of the sight draft and certificate and in such a manner as the Division may specify.

6. The Bank will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Bank, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Bank's charter or license to do business.

(Continued)

# JPMorgan

Morgan Guaranty  
Trust Company of  
New York

Date: January 18, 1996  
Letter of Credit:  
EFFECTIVE; JANUARY 24, 1996

C/O J.P. Morgan Services, Inc.  
P.O. Box 6071  
Newark, DE 19714-9857  
Att: International Trade Services

UTAH DIVISION OF OIL, GAS AND MINING  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203

(Page 2)

7. Drafts and documents presented by mail should be mailed to Morgan Guaranty Trust company of New York, c/o J.P. Morgan Services, Inc. P.O. Box 6071 Newark, Delaware, 19714-9857, Attention: International Trade Services. Courier or physical deliveries should be addressed to Morgan Guaranty Trust Company of New York, c/o J.P. Morgan Services, Inc., 500 Stanton Christiana Road, Newark, Delaware, 19713-2107, Attention: International Trade Services. Although we prefer physical presentations be made to our Newark, Delaware location, our 15 Broad Street, New York, New York, 10015 locations is also available for your physical presentations. Should you use our 15 Broad Street location for physical presentation, letters of credit/documents must be directed to, the Brokers Loan Unit, Basement A, Attention: International Trade Services.

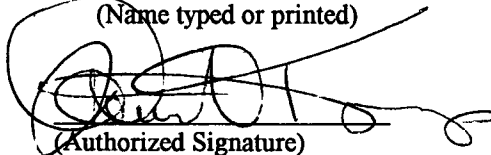
8. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1993 Revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.

9. All communications regarding this letter of Credit will be addressed to the Bank as set forth in Paragraph No. 7 above, referencing Letter of Credit No.

Very truly yours,

MORGAN GUARANTY TRUST COMPANY OF NEW YORK  
The Bank

By: Alan J. Kipp  
(Name typed or printed)

  
(Authorized Signature)

Title: Associate

Morgan Guaranty  
Trust Company of  
New York

C/O J.P. Morgan Services, Inc.  
P.O. Box 6071  
Newark, DE 19714-9857  
Att: International Trade Services

## EXHIBIT A SIGHT DRAFT

to  
Letter of Credit Number: \_\_\_\_\_

Date	City, County	Letter of Credit No.
------	--------------	----------------------

PAY TO THE ORDER OF: Utah Division of Oil, Gas and Mining

\_\_\_\_\_ DOLLARS

TO: (Name of Bank)  
and  
(Address)

Utah Division of Oil, Gas and Mining  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203

By: \_\_\_\_\_  
Authorized Signature

Morgan Guaranty  
Trust Company of  
New York

C/O J.P. Morgan Services, Inc.  
P.O. Box 6071  
Newark, DE 19714-9857  
Att: International Trade Services

### LETTER OF CREDIT NUMBER

I, \_\_\_\_\_ a duly authorized representative of the Utah Division of Oil, Gas and Mining, hereby certify that (1) the drawing in the amount of \$ \_\_\_\_\_, by sight draft accompanying this certificate, under Letter of Credit No. \_\_\_\_\_ dated January 18, 1996, issued by you is permitted under the provision of the Letter of Credit, (2) the Letter of Credit has neither expired nor terminated pursuant to its terms, (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Face Amount, and (4) the Utah Board of Oil, Gas and Mining, after notice and hearing, has entered an Order which has not been stayed, ordering forfeiture of Reclamation Contract number \_\_\_\_\_, in accordance with applicable law. Proceeds of this drawing will be utilized in full to pay the expenses relating to the reclamation liability for the \_\_\_\_\_ (mine), \_\_\_\_\_ (mine permit #).

The Utah Division of Oil, Gas and Mining

By: \_\_\_\_\_  
Authorized Signature

Date: \_\_\_\_\_



Morgan Guaranty Trust Company of New York

c/o J.P. Morgan Services, Inc.

P.O. Box 6071

Newark, DE 19714-9857

Attention: International Trade Services

*m/035/015*  
**JPMorgan**

October 16, 1998  
Letter of Credit No. '

Utah Division of Oil, Gas and Mining  
3 Triad Center, Suite 350  
Salt Lake City, UT 84180

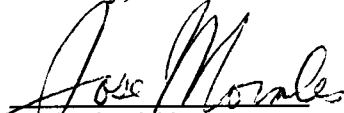
Dear Sirs:

In accordance with the "Evergreen Clause", we have amended our above referenced Letter of Credit established in your favor for account of Kennecott Corporation, as follows:

The expiration date is extended to January 24, 2000.

All other terms and conditions remain unchanged.

Sincerely,



Authorized Signature

Letter of Credit Services

(302) 634-1830